

Message Text

UNCLASSIFIED

PAGE 01 MANILA 06099 250832 Z

47

ACTION EB-11

INFO OCT-01 EA-11 ADP-00 COME-00 FMC-04 L-03 TRSE-00 OMB-01

DOT-00 CIAE-00 INR-10 NSAE-00 RSC-01 RSR-01 /043 W

----- 034384

R 250731 Z MAY 73

FM AMEMBASSY MANILA

TO SECSTATE WASHDC 5497

UNCLAS MANILA 6099

E. O. 11652: N/ A

TAGS: ETRN, RP

SUBJ: PHILIPPINE DISCRIMINATORY TAX: SHIPPING

REF: A. STATE 94415

B. MANILA 5176

1. PHILIPPINE CONGRESS MANY YEARS AGO EXEMPTED PHILIPPINE SHIPPING LINES FROM PAYMENT OF CORPORATION INCOME TAX, WITH ORIGINAL EXEMPTION HAVING BEEN EXTENDED IN 1969 FOR FIVE YEARS. WHILE PHILIPPINE LINES PAY A 2 PERCENT " PERCENTAGE TAX" ON OUTWARD GROSS REVENUE, FOREIGN FLAG LINES ALSO PAY THIS TAX. THERE IS, THEREFORE, NO COMPARABLE OR EQUIVALENT TAX PAID BY PHILIPPINE SHIPPING LINES WHICH WOULD ELIMINATE THE DISCRIMINATORY EFFECT OF 2.5 PERCENT TAX IMPOSED BY PRESIDENTIAL DECREE LAW NO. 69 OF NOVEMBER 24, 1972.

2. ALTHOUGH 2.5 PERCENT TAX IS IN LIEU OF CORPORATION TAX ON FOREIGN CARRIERS, U. S. SHIPPING COMPANIES SOURCE STATES THAT UNDER MASSACHUSETTS FORMULA WHICH WAS BASIS FOR FILING CORPORATION TAX, EFFECT OF WORLDWIDE LOSSES WAS ZERO PHILIPPINE TAX OBLIGATION. THUS, LONG- STANDING DISCRIMINATORY EFFECT OF PHILIPPINE TAX LAWS WAS MINIMIZED FOR U. S CARRIERS PRIOR TO INTRODUCTION OF 2.5 PERCENT TAX.
HAMILTON

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NMAFVVZCZ

*** Current Handling Restrictions *** n/a

*** Current Classification *** UNCLASSIFIED

Message Attributes

Automatic Decaptioning: X
Capture Date: 01 JAN 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: n/a
Control Number: n/a
Copy: SINGLE
Draft Date: 25 MAY 1973
Decaption Date: 01 JAN 1960
Decaption Note:
Disposition Action: n/a
Disposition Approved on Date:
Disposition Authority: n/a
Disposition Case Number: n/a
Disposition Comment:
Disposition Date: 01 JAN 1960
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1973MANILA06099
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: n/a
Errors: n/a
Film Number: n/a
From: MANILA
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1973/newtext/t19730554/aaaajtkj.tel
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Office: ACTION EB
Original Classification: UNCLASSIFIED
Original Handling Restrictions: n/a
Original Previous Classification: n/a
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Previous Classification: n/a
Previous Handling Restrictions: n/a
Reference: 73 STATE 94415, 73 MANILA 5176
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Review Comment: n/a
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Review Date: 10 AUG 2001
Review Event:
Review Exemptions: n/a
Review History: RELEASED <10-Aug-2001 by maustmc>; APPROVED <20-Aug-2001 by willialc>
Review Markings:

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30 JUN 2005

Review Media Identifier:
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Status: <DBA CORRECTED> gwr 980305
Subject: PHILIPPINE DISCRIMINATORY TAX: SHIPPING
TAGS: ETRN, RP, ETRN
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SECSTATE WASHDC
Type: TE
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